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## The Basic Health Program: What would it mean for Connecticut?

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# The Basic Health Program

What would it mean for Connecticut?

**Katharine London**  
**Robert Seifert**

January 31, 2012

# Research Brief: Evaluating the State Basic Health Program in Connecticut

This presentation provides highlights of the Research Brief released today by the Legal Assistance Resource Center of Connecticut.

The Research Brief includes more detail about the SBHP, the analysis, and citations to data sources.

# What is the Basic Health Program?

- Affordable Care Act gives states the option of creating a State Basic Health Program (SBHP) for lower income residents not eligible for Medicaid
- For these individuals, SBHP would replace federally-subsidized purchase of private coverage through the Exchange
- State run program, funded by 95% of the federal premium tax credits and cost sharing subsidies eligible individuals would have received in Exchange

# Populations eligible for a SBHP

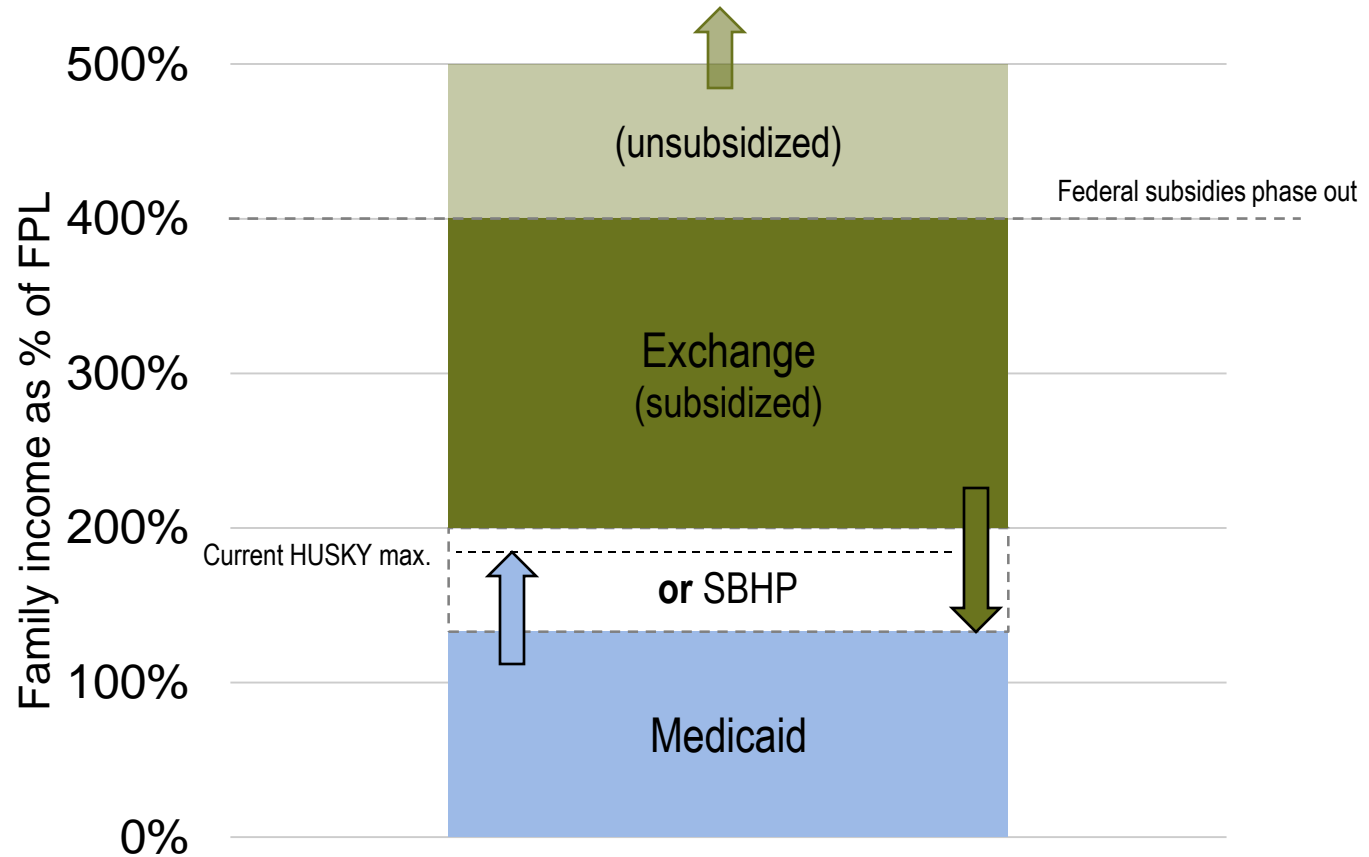
- Individuals under age 65 with family income 133-200% FPL
  - Not eligible for Medicaid (implications for HUSKY)
  - No access to employer-sponsored coverage
  - Includes currently uninsured and purchasers of individual coverage
- Legal immigrants ineligible for Medicaid, 0-200% FPL

# Number of individuals potentially eligible to enroll in SBHP

Eligible to Enroll in SBHP	Estimate*
Uninsured adults, 133-200% FPL	61,000
LESS uninsured adults with access to affordable employer-sponsored insurance (ESI), 133-200% FPL	(9,000)
Adults who currently purchase individual coverage, 133-200% FPL	13,000
Legal immigrants ineligible for Medicaid, 0-133% FPL	9,000
<b>Total potentially eligible</b>	<b>74,000</b>

\*Likely to be higher in 2014.

# State options for coverage under the ACA



# Benefit design of a SBHP

- States have flexibility in setting benefits, premiums and cost sharing, bounded by
  - Minimum benefits: “Essential health benefits” to be defined by federal rule
  - Maximum enrollee costs
    - Premium tied to Exchange “silver” plan
    - Cost sharing tied to “platinum” or “gold” plan



# How a SBHP can benefit individuals

- SBHP can mimic Medicaid benefits and provider networks, allowing continuity of care
- Same network as children in HUSKY
- State could align Medicaid and SBHP screening and enrollment to reduce coverage gaps
- Avoid overpayment of federal tax credits in exchange

# How a SBHP can benefit the state

- Federal subsidies supporting SBHP could replace state's share of Medicaid payments for some currently enrolled in HUSKY
- Administrative savings from joint enrollment and reduced churning

# Issues to address

- Is the SBHP a good idea for Connecticut?  
*(SBHP vs. Exchange)*
- Which populations should be included?  
*(SBHP vs. Medicaid)*
- Program design: individual contributions, benefits, state supplement

# Estimates of cost per enrollee in 2014

	1	2	3	4	5
Dollar Estimate	\$4100	\$3500 - \$4900	\$4700	\$5300	\$7400
Basis of Estimate	National average Medicaid expenditures for PPACA expansion population, 0-133% FPL	Mercer SBHP estimate for Connecticut Exchange Board	HUSKY parents, 133-185% FPL	Massachusetts Commonwealth Care Adults, 100-200% FPL	Massachusetts Medicaid Adults,* 133-200% FPL
Source	CMS	Mercer	OFA	MA Medicaid	MA Medicaid

Figures are rounded to nearest \$100

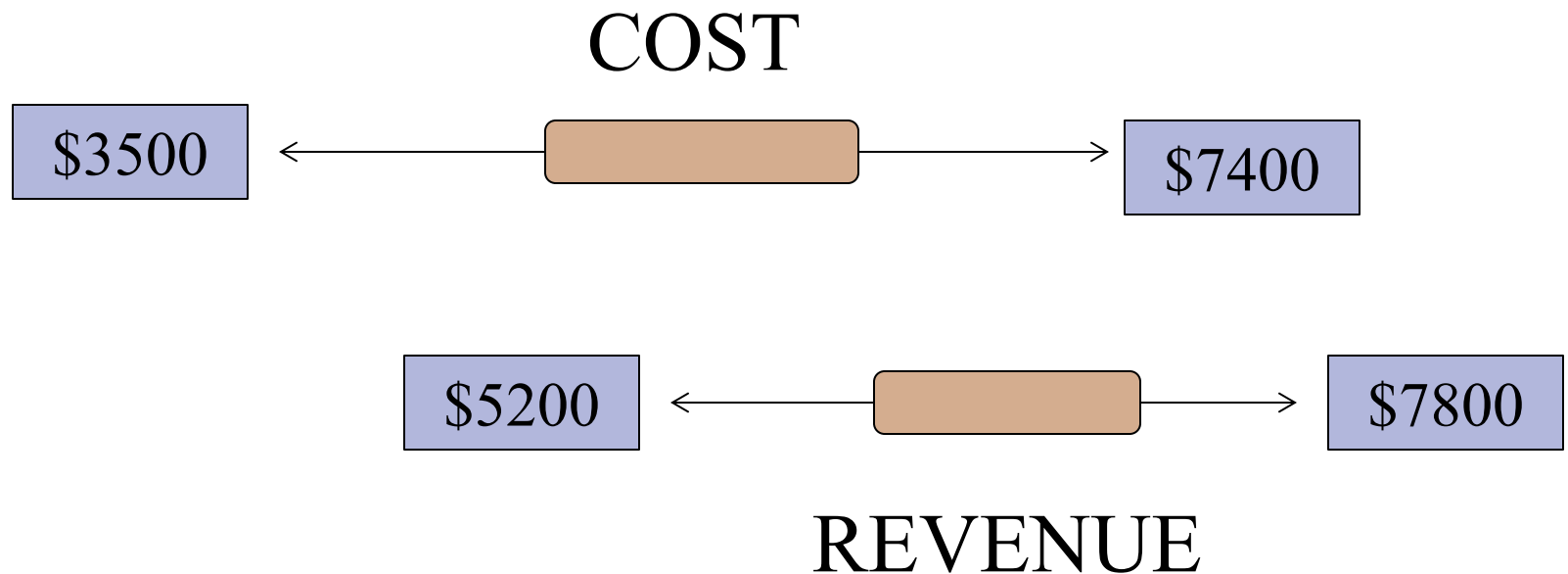
\* Massachusetts Medicaid figure includes disabled and long-term unemployed individuals, does not include individuals enrolled in a private managed care plan.

# Estimates of federal revenue per enrollee, 2014

	1	2	3
Basis of estimate	Connecticut average small employer group	National average	Massachusetts Commonwealth Choice Plan
Total estimated federal revenue per enrollee	<b>\$5200</b>	<b>\$5300</b>	<b>\$6600</b>
Source	Mercer	CBO	Milliman

Figures are rounded to nearest \$100

# Range of SBHP cost and revenue estimates per enrollee



# Conclusions

- SBHP can provide rich health care benefits to low income individuals, cost is:
  - affordable to low-income individuals
  - cost neutral to the state
- Decision on SBHP is integral to Exchange plan
  - State must obtain federal approval of the Exchange plan by January 2013
- General Assembly should decide on SBHP during the 2012 session

# BHP activity in other states

- **MA:** Actively considering BHP in Health Connector's evolution to ACA Exchange
- **RI:** HC Reform Commission considering BHP; bill died in committee in last session
- **VT:** January 2012 Report from the Secretary of Administration considers BHP a viable option; advises VT to wait for federal guidance on whether VT can administer BHP internally or whether it needs to contract with health plans.
- **NH:** Endowment for Health issued RFP for analysis of BHP options in July 2011; state government activity unclear
- **ME:** No information on active consideration of BHP
- **NJ:** Exchange legislation includes BHP died in committee in last session; a new bill has been introduced
- **NY:** Independent organizations conducted actuarial study; found BHP would be financially advantageous